

**BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY**

Meeting Date: March 16, 2005
Bulk Item: Yes XX No

Division: County Attorney
Staff Contact Person: Pedro Mercado

AGENDA ITEM WORDING: Authority to institute litigation against Sum Air Seivces and/or Paradise Aviation.

ITEM BACKGROUND: Carol Collins purchased Sum Air Services which operates one of the F.B.O.'s in Marathon from Ed Steigerwald. Ms. Collins then turned around and leased a portion of the F.B.O. back to Mr. Steigerwald now d/b/a Paradise Aviation. The problem is that neither party used an attorney in the transaction and Steigerwald claims to still be the F.B.O. lease holder however Collins is the person that until recently has actually been paying the rent. For some reason neither party has filed a declaratory action to clarify who is the actual leaseholder and for the past several months no payments have been made on the lease. Marathon airport has been caught in the middle and the lease payments are currently over \$26,500 in arrears therefore we are seeking to terminate the lease and recover the arrearages.

PREVIOUS RELEVANT BOCC ACTION:
NONE

CONTRACT/AGREEMENT CHANGES:
N/A

STAFF RECOMMENDATIONS:
Approval

TOTAL COST: _____ **BUDGETED:** Yes No

COST TO COUNTY: _____ **SOURCE OF FUNDS:** _____

REVENUE PRODUCING: Yes No **AMOUNT PER MONTH** _____ **Year** _____

APPROVED BY: County Atty OMB/Purchasing _____ Risk Management _____

DIVISION DIRECTOR APPROVAL: John Collins 02/18/05
(TYPE NAME HERE)

DOCUMENTATION: Included Not Required

DISPOSITION: _____ **AGENDA ITEM #** _____



PUBLIC SAFETY
FLORIDA KEYS MARATHON AIRPORT
James R. "Reggie" Paros, Director/Manager
9400 Overseas Highway, Suite 200
Marathon, Fl. 33050
Telephone: (305) 289-6002/289-6060
FAX: (305) 289-6071



BOARD OF COUNTY COMMISSIONERS

Mayor Dixie M. Spehar, District 1
Mayor Pro Tem Charles "Sonny" McCoy, District 3
George Neugent, District 2
David P. Rice, District 4
Murray E. Nelson, District 5

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
#7002 2410 0000 9944 9708

RECEIVED
FEB 16 2005
MONROE COUNTY ATTORNEY

February 15, 2005

Paradise Aviation, Inc.
9850 Overseas Highway
Marathon, FL 33050

RE: Notice of Default, FBO failure to pay monthly rent for the premises

To Whom It May Concern:

In accordance with Paragraph 19(a) of the Marathon Fixed Based Operator (FBO) Agreement made and entered by Monroe County, Florida and Paradise Aviation, Inc., effective on April 6, 1998, as amended, this is notice that Paradise Aviation, Inc. is in default of that Agreement for failure to timely submit the payments required of it under Paragraph 3. In this case, the monthly payments for the following months are in arrears:

- 1) October 2004: FBO facility - \$8,443.06; 2) December 2004: FBO facility and aprons, in the total amount of \$9,142.07; 3) January 2005: FBO facility and aprons, in the total amount of \$9,160.94 plus fuel flow.

Paradise Aviation, Inc.
Page Two
February 15, 2005

If the default is not cured within 15 days of the receipt of this notice, then the County will terminate the Agreement.

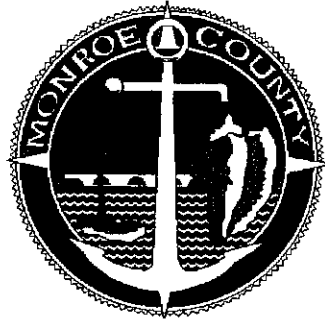
Sincerely,

A handwritten signature in dark ink, appearing to read 'J. Paros', with a long horizontal flourish extending to the right.

James R. "Reggie" Paros, Director
Public Safety Division
Florida Keys Marathon Airport Manager

JRP/sd

cc: Tom Willi, County Administrator
Peter Horton, Director of Airports
✓John R. Collins, County Attorney
Pedro Mercado, Assistant County Attorney



BOARD OF COUNTY COMMISSIONERS

MAYOR Dixie Spehar, District 1
Mayor Pro-Tem Charles McCoy, District 3
Commissioner George Neugent, District 2
Commissioner David Rice, District 4
Commissioner Murray Nelson, District 5

Charles 'Sonny' McCoy
County Commissioner
530 Whitehead Street
Key West, Florida 33040
305-292-3430
FAX: 305-292-3577
E-Mail: BOCCDIS3@monrecounty-fl.com

February 14, 2005

Ms. Carol J. Collins, President/Owner
Sum Air Services, Inc.
9850 Overseas Highway
Marathon, FL 33050

Dear Ms. Collins:

Congresswoman Ileana Ros-Lehtinen has forwarded your request for her assistance regarding difficulties you are experiencing related to your purchase of a fixed base operation at the Marathon Airport. Based on your correspondence, there appears to be, or has been, civil litigation on this matter and you further indicate that you are pursuing criminal charges for fraud and embezzlement against the previous owner. You also indicate that County staff has been involved; namely, the County Attorney, Director of Airports and the Airport Manager.

Most of the issues that appear to have created the situation are legal matters which must be entrusted to the expertise of our County Attorney. I am concerned, however, that you feel you are being discriminated against and not afforded the same opportunities as others. Therefore, I am copying your correspondence to our present County Administrator, Tom Willi, Requesting he research your concerns and respond to you directly with his findings and any recommended action that may provide some relief.

Sincerely,

Dixie M. Spehar
Dixie M. Spehar

DMS:kmp

cc: Congresswoman Ileana Ros-Lehtinen
Monroe County Commission
Tom Willi, County Administrator
John R. Collins, County Attorney ✓
Peter Horton, Director of Airports
Reggie Parros, Airport Manager

RECEIVED

FEB 16 2005

MONROE COUNTY ATTORNEY

COMMITTEES:

INTERNATIONAL RELATIONS
GOVERNMENT REFORM

CHAIR:
SUBCOMMITTEE ON
MIDDLE EAST
AND CENTRAL ASIA

VICE CHAIR:
SUBCOMMITTEE ON
WESTERN HEMISPHERE

SUBCOMMITTEE ON
WELLNESS AND
HUMAN RIGHTS



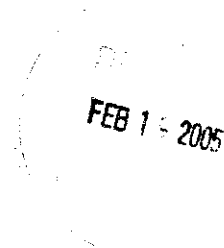
Congress of the United States
House of Representatives

ILEANA ROS-LEHTINEN
18TH DISTRICT, FLORIDA

PLEASE RESPOND TO:
2160 RAYBURN HOUSE OFFICE BUILDING
☐ WASHINGTON, DC 20515-0918
(202) 225-3931
Fax: (202) 225-5620

☐ DISTRICT OFFICE:
9210 SUNSET DRIVE
SUITE 100
MIAMI, FL 33173
(305) 275-1800
Fax: (305) 275-1801

January 26, 2005



Mayor Dixie Spehar
Monroe County
500 Whitehead St., Suite 102
Key West, FL 33040

Dear Mayor Spehar:


I would like to take this opportunity to bring to your attention the case of a constituent.

Ms. Carol J. Collins, President/Owner Sum Air Services has contacted me regarding an outstanding case she has with Monroe County regarding the rent owed by her business to Marathon Airport. Ms. Collins has also informed me that she is currently in litigation with the former owners.

I am enclosing Ms. Collins letter and information for your review. Consistent with all applicable rules and regulations, Mr. Collins would be grateful for your serious consideration of her case.

Thank you for your attention to this matter.

Sincerely,


Ileana Ros-Lehtinen
Member of Congress

IRL:rp

Enclosed

cc: Ms. Carol J. Collins
President/Owner
Sum Air Services, Inc.
9850 Overseas Hwy.
Marathon, FL 33050

Sum Air Services, Inc.
Carol J. Collins
9850 Overseas Highway
Marathon FL 33050
305 743-5201

Congresswoman Ileana Ros- Lehtinen
2160 Rayburn House Office Building
Washington DC 20515
202 225-3931

Dear Ms. Ros-Lehtinen,

December 14, 2004

I would like your help addressing numerous difficulties I have had operating a business at the Florida Keys Marathon Airport in Marathon, Monroe County, FL. Although the problems have been ongoing since I acquired the business in March of 2003, I had delayed pursuing the issue because there were signs that the county was ready to address the situation. It has now been quite some time and nothing has happened to relieve the problems.

Federal law requires that all business located on airports that receive federal funding have like rent and operating requirements so that they may compete on a level playing field. I believe that I am being discriminated against due to both the business practices of Monroe County and the "good old boy" network of the Florida Keys. If the people of the "in" group are happy with the status quo, no amount of reasoning or evidence presented will provide enough incentive to change.

The following is a brief history of the situation and, of course, more details are available as needed.

In March of 2003 I completed "negotiations" with John Edgar Steigerwald III for the purchase of a fixed based operation at the Marathon airport. This operation had been operated as Paradise Aviation since 1998. In January of 2003 Mr. Steigerwald merged Paradise with the charter service he also operated, Sum Air Services, Inc., and began operating the FBO as Sum Air Services, Inc. d/b/a Paradise Jet Support. This was done, according to Steigerwald, for accounting purposes and so that the name would include the word "Jet" to be more competitive with the other FBO on the field. That FBO is Grant Air d/b/a Marathon Jet Center. Mr. Steigerwald's wife, Ute, it turned out, was the registered owner of the corporation. I wrote a check to Ute Steigerwald for \$275,000.00 on March 14th, 2003 for the purchase of Sum Air Services, Inc. and the FBO lease with Monroe County. Mr. Steigerwald gave a copy of the Paradise Aviation lease to me and said, "This is your lease. Put it in a safe place."

Ute Steigerwald had fired Reta Seaver, the bookkeeper, in January of 2003 and had taken over the position herself. Prior to that, Ute was only at the FBO to fill the vending machines, and, as far as I knew, never did anything else for the business except the payroll. Ute stayed on as bookkeeper to train Jeanette Abella who was to take over the position for me. She left that position on April 8th, 2003.

I will not go into any details of the problems I began to encounter with the Steigerwalds and the FBO. These problems are related, but are best saved for another time as I am pursuing fraud and embezzlement charges against the Steigerwalds.


On May 5th, 2003 the County sent a certified letter of default to Mr. Steigerwald. I also received a copy of the letter and tried to speak to Mr. Steigerwald about it. He told me just to ignore it because the County, as he had told me during our "negotiations", still owed me for overpayment of rent. This set off alarms in my mind and I immediately called the Airport Manager, Mr. "Reggie" Paros and asked that he set up a meeting with the Director of Airports and the County Attorney. My purpose for this meeting was to introduce myself as the new owner of the FBO and to speak to them regarding the rent structure, as the rents do not currently allow both FBOs to compete on a level playing field. I had been led to believe, by Mr. Steigerwald that the work that he and Brad Neat, the former manager of Paradise had done toward resolving the rent inequities had been successful. The books that were turned over to me by the Steigerwalds showed a large credit balance due from the County and he had also assured me verbally that this was so.

I was completely unprepared for the hostile greeting I received from the Director of Airports, Jim Roberts and the County Attorney James Collins. Peter Horton was also there, and he and the airport manager remained relatively neutral during the discussions. Rather than repeat myself, I have attached a copy of a letter I drafted following that meeting. I intended sending the letter to the county commissioners, but my own attorney advised against it on the grounds that it was "too strongly worded." At the time I agreed with him that it would be better to show my own good faith to the County, pay the outstanding rent as the new owner and establish good relations with the county so that more favorable operating terms might be negotiated.

As of December of 2004, it is now two years since the Steigerwalds have paid any money to the county. The County refuses to recognize my status as the legal leaseholder because the Steigerwalds will not give me a formal assignment of the lease. This is in spite of the fact that he has admitted, in a hearing before Judge Mark Jones, that I have paid for said lease. The Steigerwalds have been occupying space in the hangar for which I pay the county rent. The County gives the Steigerwalds all the rights of the leaseholder and does it in a way to handicap my ability to conduct business.

The County also persists in the inequitable rent structure between FBOs that allows my competitor to use predatory pricing tactics with impunity to lure customers away from my facility due to their considerably lower overhead (see attachments). They have also been granted a waiver from the County required insurance coverage of \$5,000,000.00 liability insurance to which I am being held and other waivers and changes made to the Airport Minimum Standards to accommodate their business practices.

I hope you will see fit to investigate this situation further. I have too much invested in this business, financially, physically and emotionally to give in to the pressure that is being placed on me to "go away." I would appreciate the opportunity to meet with you or your representative to discuss this matter.

Respectfully,

Carol J. Collins,
President/Owner

BOCC

June 19, 2003

Dear Commissioners,

I am writing as the new owner/operator of Paradise Aviation at the Florida Keys Marathon Airport, now renamed Paradise Jet Support.

On May 20th, 2003 I met with Mr. Paros, the airport manager, James Roberts as director of airports, Peter Horton of the Key West airport and Richard Collins, the County attorney. The purpose of this meeting was to introduce myself to them and to discuss with them some of the ongoing issues this FBO has had with the operations of the airport and the difficulties of doing business which are a direct result of actions taken by county administrators.

All my issues were repeatedly counteracted with the comment that the leases were awarded on a competitive bid and that any attempts to change the terms of my lease would result in the lease going out to bid once again and I was told in a most unpleasant and demeaning tone by Mr. Collins that "You, young lady, would stand to lose it all."

The fact is the lease at the West end FBO has been changed repeatedly through the use of waivers and changes in the minimum standards for the sole purpose of accommodating their goals which has resulting in the West end operation having more favorable terms and a much lower operating cost.

Federal regulation prohibits an airport which receives Federal Funds from discriminating against one operator over another. Federal Technical Order 5190.6A 4-14a.(2) states that "Each FBO at any airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other FBO's making the same or similar uses of such airport utilizing the same or similar facilities."

Even this was greeted with the competitive bid argument. All this is completely ignoring the fact that at the time the leases were bid and awarded the two FBOs were not in direct competition with one another. Mr. Roberts himself stated at the BOCC meeting where the permits for a jet fuel facility at the West end were approved "It's about time we made the two FBOs equal."

There is no equality when the rent is so much higher for one facility than another and we are offering the same product for sale at an overhead which has become prohibitive. The unequal rent structure allows one business to undercut the other with impunity in a blatant effort to drive out the competition.

This is not an area of growth as you would have in a large metropolitan region. The only result of having two facilities offering the same services is a dilution of the business and the County does not make any more income it only shifts the source.

When I told Mr. Roberts and Mr. Collins that the County has continuously raised the rent on the anniversary date, but at the same time systematically chopped away pieces of our business by giving, first Mosquito Control, then the West end FBO, and now the Sheriff's department the rights to jet fuel, I was told by Mr. Collins, "then I guess you picked the wrong business."

I said to him that the County has certain obligations to their lease holders. Mr. Collins responded with "Obligations! What obligations?" I said "Legal, moral, ethical, take your pick." He then leaned back in his chair and said, with all the smug scarasm he could muster, "No, no and no!"

Is this the way the County Commissioners want their representatives to deal with tenants?

PARADISE
RENT
1/8/04 - 4/7/05
21,000 sq ft Apron
12,000 sq ft Apron
4/8/04-4/5/05
Facility
Total FBO & Aprons

YEAR MONTH
6,451.20 537.60
1,351.68 112.64
-8.45 tax
7,854.01
588.05 tax
9,142.07

Marathon Jet Center - adjusted as of 1/8/04			
	Rent	Tax	Total
FBO Facility 4/10/03-4/9/04 - commence 5/1/03	1,919.39	143.95	2,063.34
Added Apron - 150 x 100 - 10/1/03 - 9/30/04 - 2.4%	144.64	10.84	155.48
Added Apron 240x 235 - 1/8/04 - 1/7/05 - 2.4%	1,515.52	113.66	1,629.18
Total Due Monthly			3,848.00